

FY 2011/12 Mid-Year Budget Review

City of Fremont, California

March 6, 2012

Overview

- Economic Update
 - Property Tax
 - Sales Tax
- Budget Update
- Sustainability Study Progress
- Unmet Needs



Economic Update

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Property Tax

- Property Transfer Tax Decline
- Property Tax Trends
 - Still digesting market declines and foreclosures
- Revenue Assumptions for Property Tax Increment from the wind-down of the RDA

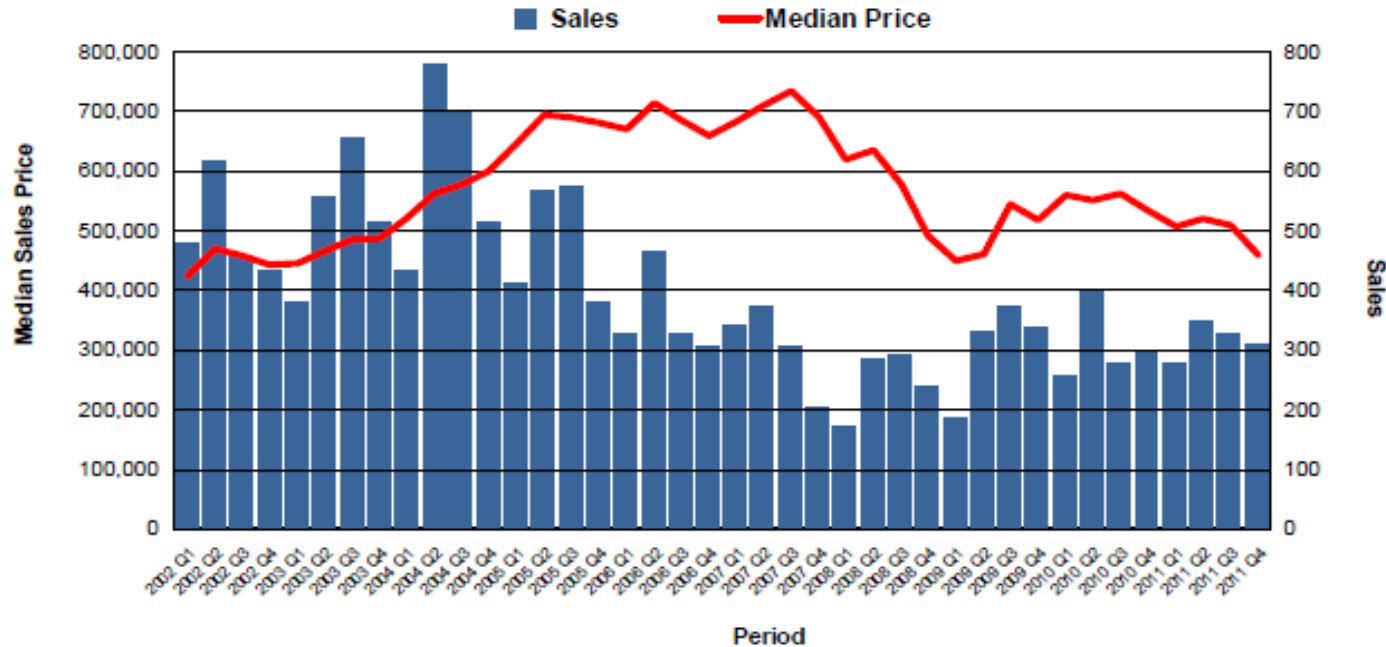


Residential Sales in Fremont



THE CITY OF FREMONT SALES HISTORY

Detached Single Family Residential Full Value Sales (01/01/2002 - 12/31/2011)



*Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

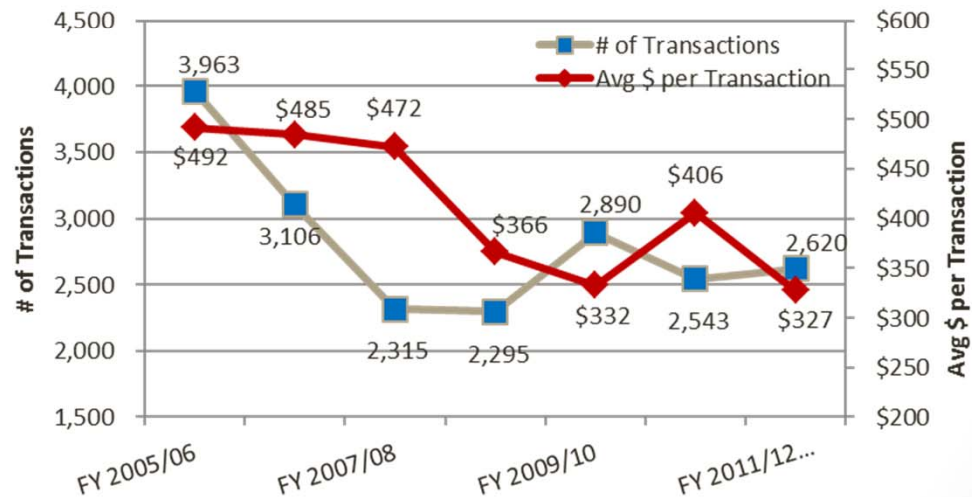
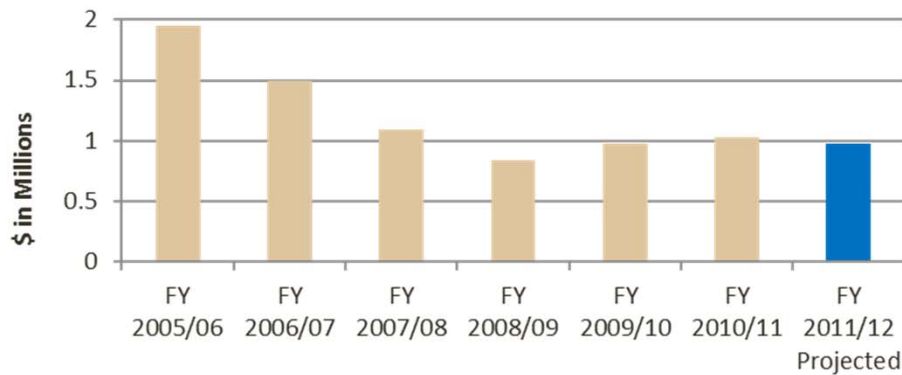
Data Source: Alameda County DataQuick Property Data

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Prepared On 2/24/2012 By MV

Property Transfer Tax

Property Transfer Tax Revenue



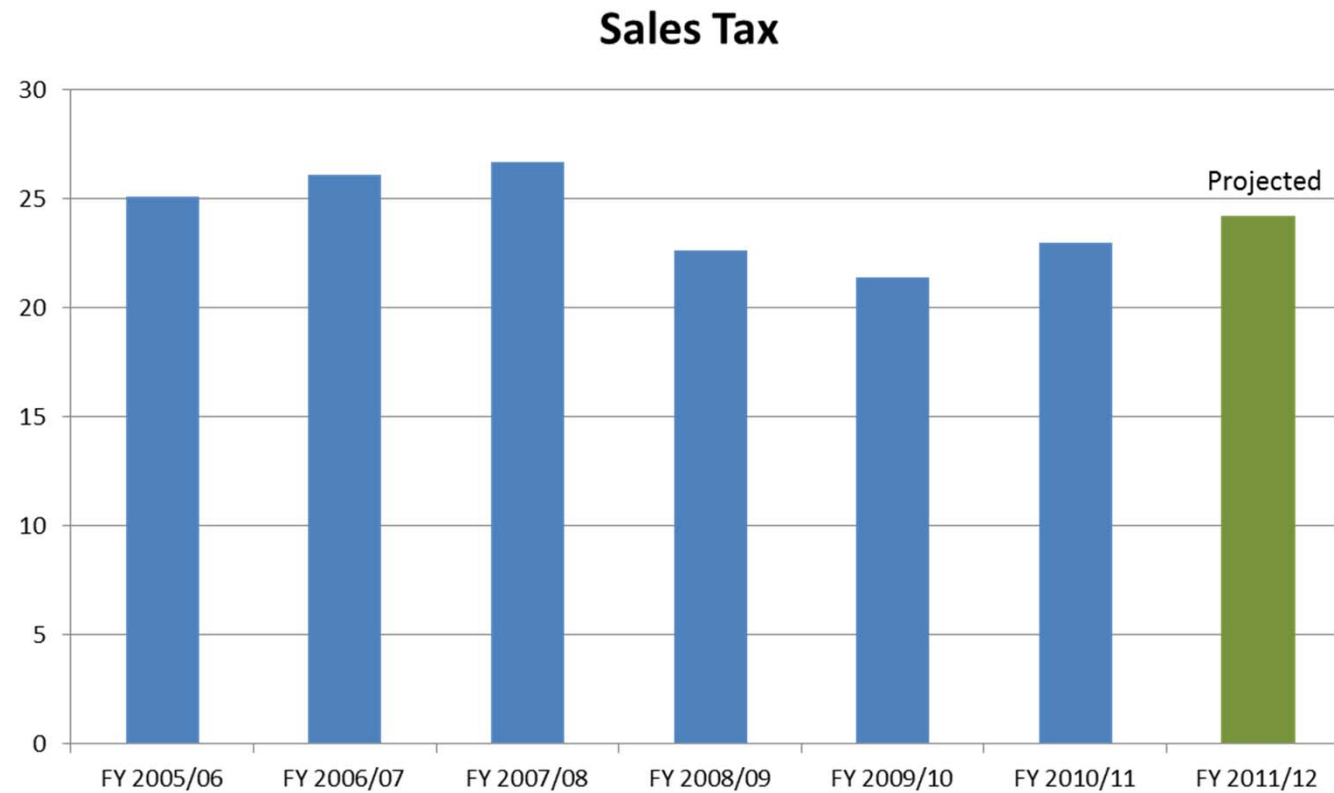
Sales Tax

- Sales Tax General Trend
- New Businesses Coming on Line
 - “The Block” including Theaters
 - Opening mid-late April
 - New Target in Pac Commons
 - Opening March 7, 2012

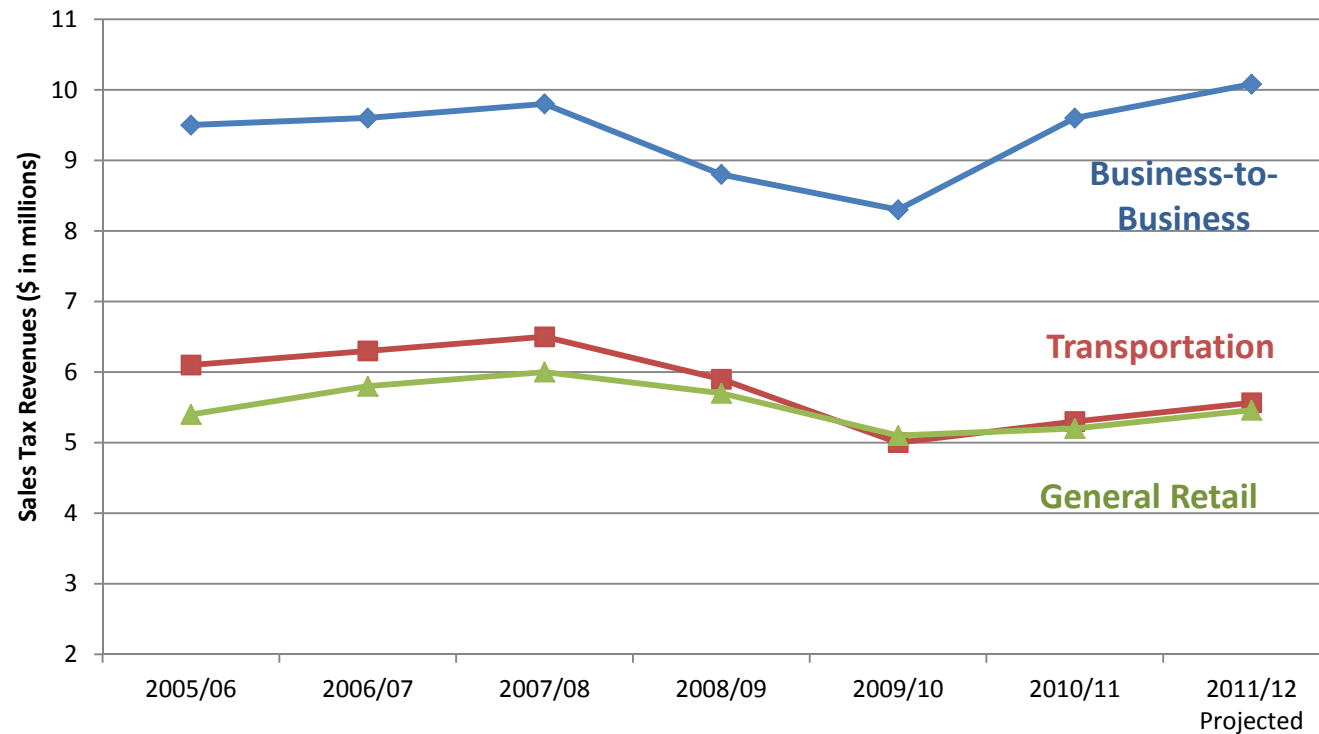


Sales Tax Trends

(Excludes the “Triple Flip”)



Sales Tax by Major Segments

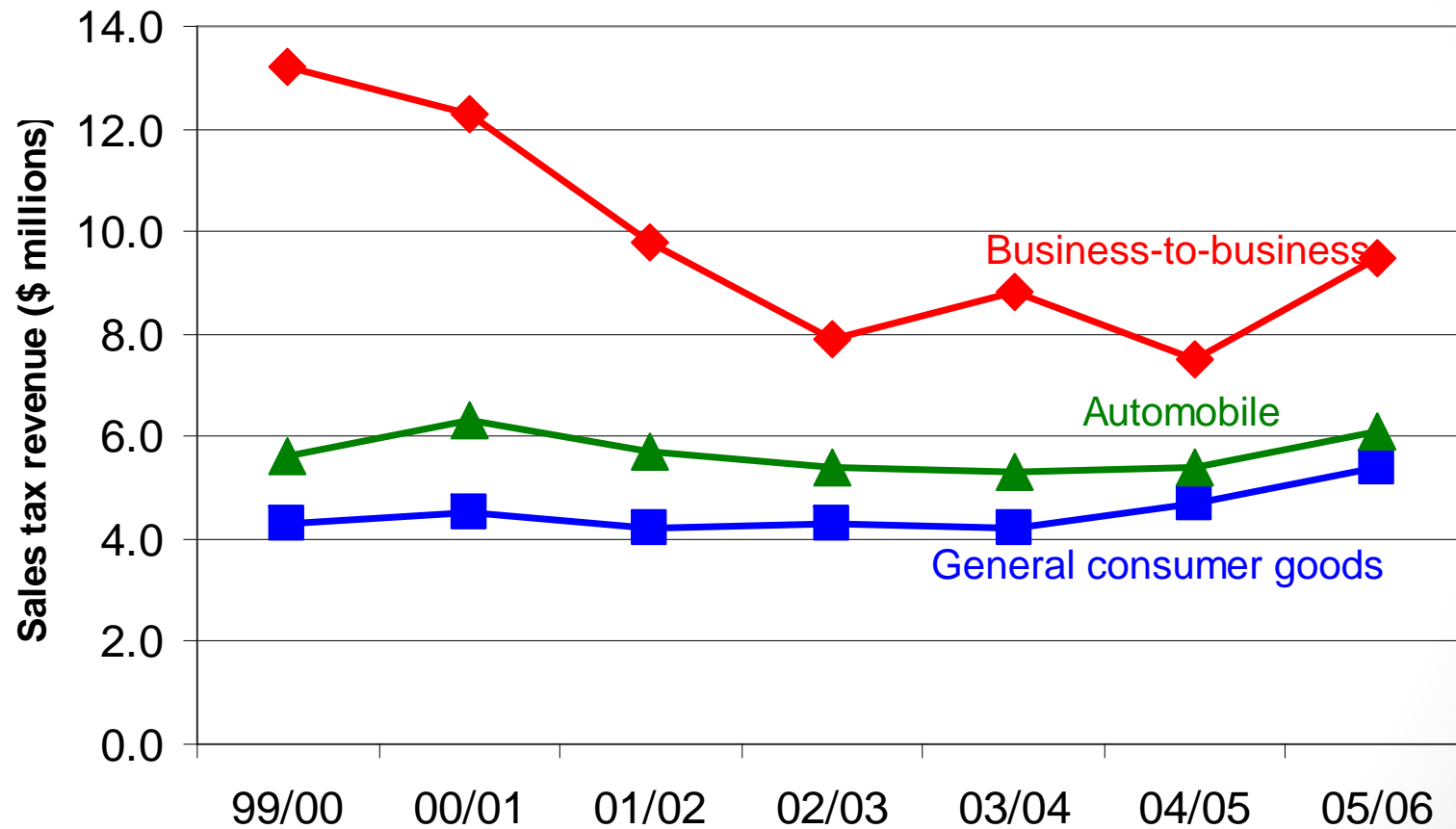


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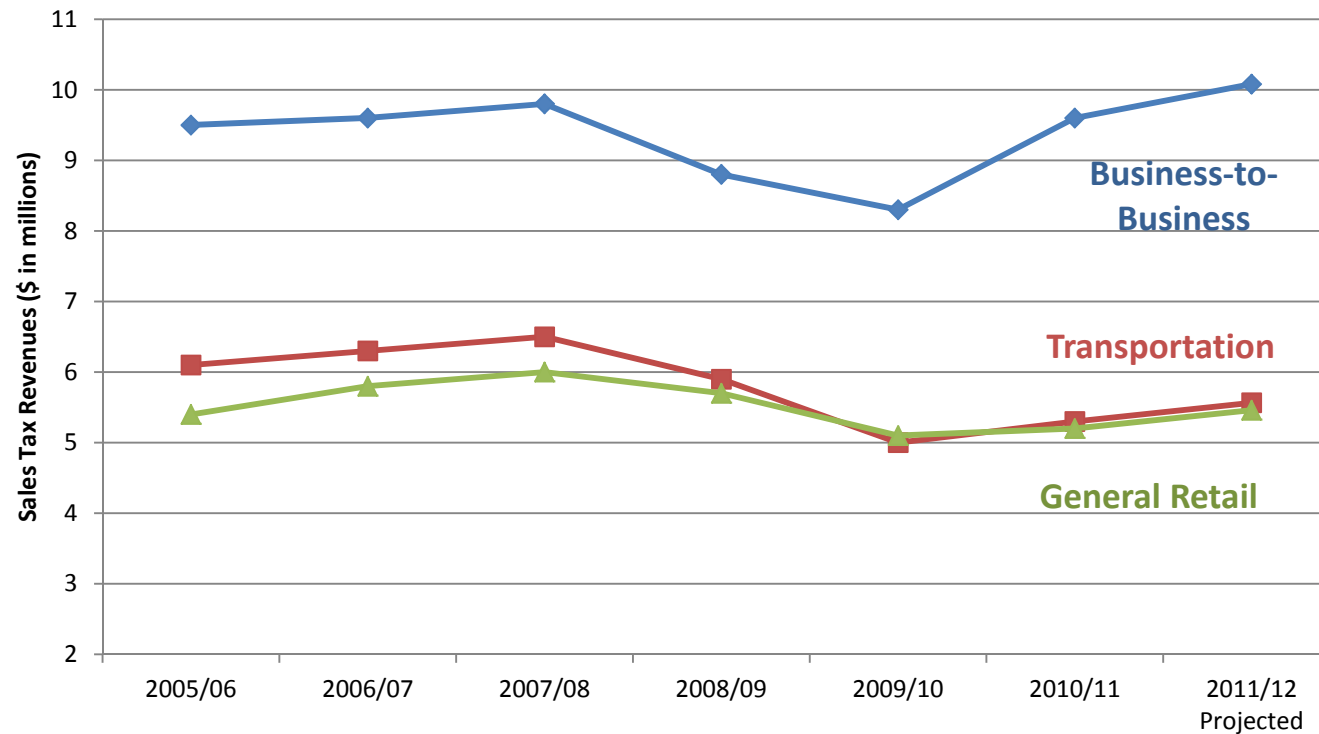
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Sales Tax by Major Segments

December 19, 2006 First Quarter Budget Update



Sales Tax by Major Segments



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Budget Update

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Fiscal Year 2011/12

General Fund Budget Update

Dollars in Thousands	2011/12 1 st Quarter Update	2011/12 Mid-Year Review	+/- from 1 st Quarter
Revenue and transfers in	\$131.3	\$129.7	\$(1.6)
Expenditures and transfers out	134.1	132.5	(1.6)
Ongoing net results of operations	(2.8)	(2.8)	0.0
Use of Budget Uncertainty Reserve	\$ 2.8	\$ 2.8	\$ 0.0

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Fiscal Year 2011/12

Revenue & Transfers In

Dollars in Thousands	2011/12 1 st Quarter Update	2011/12 Mid-Year Review	+/- from 1 st Quarter
Property Tax	\$ 61.8	\$ 61.8	\$0.0
Sales Tax (incl triple flip)	32.2	32.2	0.0
Franchise Fees	8.6	8.6	0.0
Business License Taxes	6.9	6.9	0.0
Transient Occupancy Tax	3.8	3.8	0.0
Property Transfer Tax	1.1	1.0	(0.1)
Other (VLF, Chgs for Svcs, Fines)	11.3	10.1	(1.2)
Subtotal	125.7	124.4	(1.3)
Transfers In	5.6	5.3	(0.3)
TOTAL	\$131.3	\$129.7	\$(1.6)

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Expenditure Changes

- Budget Realignment
- Ongoing Importance of Employee Concessions
- Additional Costs as a Result of the Wind-Down of RDA
- Sustainability Study Update



General Fund Budget Update and Forecast

Dollars in Thousands	2011/12 Mid-Year Review	2012/13 Budget Projection	2013/14 Budget Projection	2014/15 Budget Projection
Revenue and transfers in	\$129.7	\$134.7	\$139.0	\$144.3
Expenditures and transfers out	132.5	133.9	134.0	135.6
Ongoing net results of operations	(2.8)	0.8	5.0	8.7
Use of Budget Uncertainty Reserve	2.8	0.0	0.0	0.0
Beginning Fund Balance	0.0	0.0	0.8	5.8
Ending Fund Balance	\$ 0.0	\$ 0.8	\$ 5.8	\$ 14.5

Sustainability Study Progress

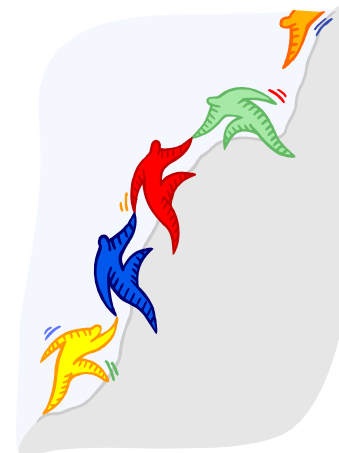
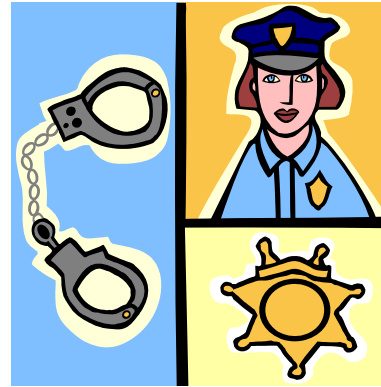
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Sustainability Study Progress

Items in Progress, Expected to be Complete by July 1, 2012

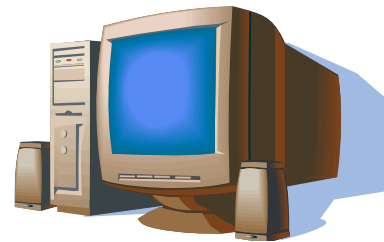
- Pay to Stay at Detention Facility
- Fee/Cost Study
- Fleet Maintenance Internal Service Fund (cost allocation)
- Second Tier Retirement Benefit
- 4/10 Patrol Schedule in Police
- Reduced General Fund Contribution to Human Services



Sustainability Study Progress

Items in Progress, Expected to be Complete by July 1, 2012

- Review Uses of CDBG Funds
- Converted 2 Public Safety Employees to Civilian Managers
- Consolidated Police IT and City IT Functions
- Cell Phone Review and Implementation of Allowance
- Comprehensive Asset Management Program
- Comprehensive List of Budget Principles



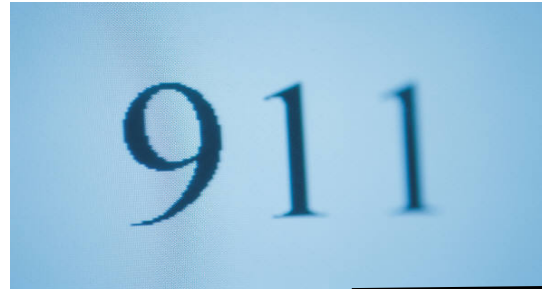
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Sustainability Study Progress

Other Items in Progress

- Emergency Dispatch Consolidation
- Outsourcing Landscape Maintenance
- Information Technology Strategic Plan



Unmet Needs

Unmet Needs

- OPEB \$ 3.9 million annually
- Street Maintenance 15.5 million annually
- Deferred Maintenance of Existing Capital Assets 1.0 million annually
- Downtown Plan 1.0 million annually
- Public Safety Needs
 - Open Fire Station 11 1.7 million annually
 - Add 7-10 Police Officers 1.6 million annually

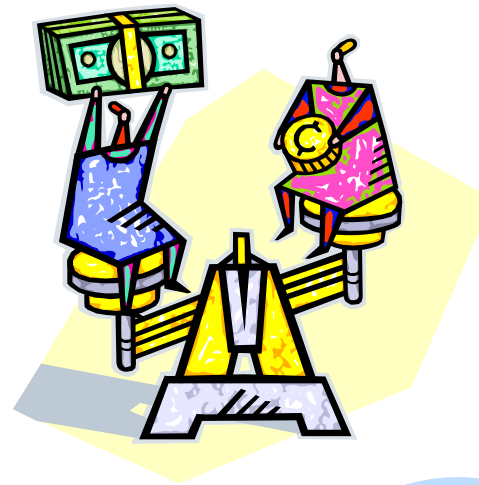
Status of Reserves

(Dollars in Thousands)

Name of Reserve	Balance at June 30, 2012
Contingency Reserve (10% of expenditures and transfers out)	\$14,642
Program Investment Reserve (2-1/2% of expenditures and transfers out)	<u>3,660</u>
TOTAL, in accordance with Council policy	18,302
Budget Uncertainty Reserve	<u>4,653</u>
TOTAL RESERVES	<u><u>\$22,955</u></u>

Summary

- No Budget Surprises
- Sustainability Plan is Working
- Recovery Still Agonizingly Slow
- Still Have Unmet Needs



Next Steps

- May 15, 2012
 - Present Proposed FY 2012/13 Budget to Council
- June 5, 2012
 - First Budget Public Hearing
- June 12, 2012
 - Second Budget Public Hearing and Adoption

Questions & Answers